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PASS: EB FOR BOEKER; TREASURY FOR GRIFFIN; COMMERCE
FOR KATZ

E.O. 11652: GDS
TAGS: EINV, OECD
SUBJECT: COMMITTEE ON INTERNATIONAL INVESTMENT AND
MULTINATIONAL ENTERPRISES (CIME); MEETING MARCH 31 -
APRIL 1.

REF: (A) IME(77)3; (B) IME(77)4; (C) IME(77)7

1. SUMMARY: CIME COMPLETED ITS FIRST CONSULTATION UNDER
THE GUIDELINES, SUCCESSFULLY AVOIDING PRECEDENTS THAT
COULD HAVE UNDERMINED THE PROCESS AND THE VIABILITY OF
THE GUIDELINES THEMSELVES. THE EFFORT OF THE BELGIAN
GOVERNMENT TO USE THE PROCEEDINGS IN CONNECTION WITH THE
HIGHLY POLITICIZED BADGER BELGIUM CASE WAS HANDLED DEFTLY
WITH THE COMMITTEE REFUSING TO BE PUSHED INTO A DISCUS-
SION OF THE PARTICULAR CASE. DELEGATES LIMITED THEM-
SELVES TO EXPRESSING PRELIMINARY VIEWS ON GENERAL ISSUES
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RAISED BY BELGIAN INITIATIVE IN A GENERALLY CONSTRUC-
TIVE AND BALANCED DISCUSSION. SIGNIFICANTLY, NO DECISION
TO INVITE BADGER TO A MEETING WAS TAKEN, AND NO SPECIAL
REPORT TO THE COUNCIL WAS AGREED UPON. DELEGATIONS THAT
HAD NEVER BEEN HAPPY WITH THE ORIGINAL COMPROMISE ON
CONSULTATIONS (NORDICS, U.K.) TOOK OCCASION TO RENEW
THEIR CALL FOR A STRONGER FACT-FINDING AND INTERPRETIVE

ROLE FOR THE CIME, BUT IN THE END THE COMPROMISE HELD. OTHER ITEMS ON THE CIME AGENDA (E.G., NATIONAL TREATMENT, UN CODE ISSUES), CLEARLY OVERSHADOWED BY THE GUIDELINES CONSULTATIONS, WERE HANDLED IN RELATIVELY BRIEF MANNER, CHARACTERIZED BY CONSTRUCTIVE, BUT GENERALLY INCONCLUSIVE EXCHANGES OF VIEWS. END SUMMARY

2. DISCUSSION OF BELGIAN NOTE (REFDOC C): BELGIAN SECRETARY OF STATE FOR REGIONAL ECONOMY, MARC EYSKENS, PRESENTED TO CIME GOB INTERPRETATIONS OF PARAGRAPHS 6 AND 9 OF THE EMPLOYMENT AND INDUSTRIAL RELATIONS SECTION AND PARAGRAPHS 7 AND 8 OF THE INTRODUCTION TO THE OECD GUIDELINES. EYSKENS NOTED FROM THE OUTSET THAT THESE INTERPRETATIONS WERE BASED ON EXPERIENCE WITH BADGER-BELGIUM CASE, WHICH HAD LED TO ACUTE REACTIONS IN BELGIUM (IN PARLIAMENT, AMONG UNIONS AND EMPLOYERS, AND THE PUBLIC AT LARGE). EYSKENS EMPHASIZED THAT IT WAS THE GOB VIEW THAT INTERGOVERNMENTAL COOPERATION WAS REQUIRED TO HELP FIND A POSITIVE SOLUTION, AND IN THIS CONNECTION, HE ASKED SPECIFICALLY THAT CIME CONSIDER THE POSSIBILITY OF INVITING THE ENTERPRISE ITSELF TO PRESENT ITS VIEWS.

3. EYSKENS SET OUT THE GENERAL QUESTIONS RAISED BY THE BADGER-BELGIUM CASE, WHICH ARE CONTAINED IN ANNEX 2 OF REFDOC C. HE SUMMARIZED THESE QUESTIONS AS FOLLOWS: IS IT CONSISTENT WITH THE GUIDELINES THAT A 100 PERCENT OWNED AND FULLY CONTROLLED SUBSIDIARY OF A FOREIGN COMPANY: (A) CEASE OPERATIONS WITHOUT HAVING GIVEN TO ITS PERSONNEL LEGALLY REQUIRED NOTICE?; (B) BE UNABLE FOR A CONFIDENTIAL

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LACK OF ASSETS TO PAY THE SEVERANCE INDEMNITIES WHICH ARE LEGALLY DUE IN SUCH A CASE? IT IS THE GOB VIEW THAT THE PARENT COMPANY MUST ASSIST THE LOCAL ENTITY IN COMPLYING WITH ITS LEGAL OBLIGATIONS AND THIS VIEW WOULD HOLD EQUALLY IF BOTH THE PARENT AND THE SUBSIDIARY WERE BELGIAN COMPANIES. THIS OPINION IS SHARED AS WELL BY BELGIAN UNIONS AND EMPLOYERS FEDERATIONS.

4. EYSKENS CONTENDED THAT IF THE OBLIGATIONS OF ADEQUATE NOTIFICATION OF CLOSURE TO WORKERS (INDIVIDUALLY AND IN WRITING) HAD BEEN RESPECTED, THEN THE FINANCIAL OBLIGATIONS OF THE SEVERANCE INDEMNITIES WOULD NOT HAVE EXCEEDED THE COMPANY'S ASSETS. HE ALSO NOTED THAT A "CONCORDAT" WAS REJECTED BY THE BELGIAN COURT BECAUSE THE COMPANY WAS NOT AN INDEPENDENT ENTITY. THE FACT THAT THE COMPANY DID NOT APPEAL THIS DECISION, ACCORDING TO EYSKENS, IMPLIES AGREEMENT ON THE PART OF THE COMPANY WITH THIS DECISION.

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5. EYSKENS STATED THAT IN BELGIUM, THE CORPORATE VEIL IS PIERCED WHEN THE COMPANY HAS NO DECISION-MAKING POWER OF ITS OWN; THIS PIERCING OF THE CORPORATE VEIL ALSO OCCURS IN SEVERAL OTHER EUROPEAN JURISDICTIONS, UNDER SPECIAL CIRCUMSTANCES. IN CLOSING, EYSKENS REITERATED HIS REQUEST FOR AN INVITATION TO THE COMPANY TO EXPRESS ITS VIEWS, HAVE A REPORT BY THE CIME OF ITS DISCUSSIONS TO THE OECD COUNCIL, AND HAVE A CONSTRUCTIVE EXCHANGE OF VIEWS ON THE GOB PRESENTATION ON THE RELEVANT SECTIONS OF THE GUIDELINES.

6. CIME CHAIRMAN (ABRAMOWSKI) IN INTROUCING THE EYSKENS PRESENTATION AND ALSO IN INTRODUCING THE FOLLOWING DISCUSSION AMONG DELEGATIONS RECALLED THE MANDATE OF THE CIME, AND THE LIMITS WITHIN WHICH ITS ROLE WAS CIRCUMSCRIBED BY THE GUIDELINES THEMSELVES AND BY THE CONSULTATION PROCEDURE ASSOCIATED WITH THEM. HE ALSO NOTED
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THAT MEMBERS OF CIME HAD HAD LITTLE TIME TO STUDY A VERY COMPLEX QUESTION, AND HE ASSUMED THAT COMMENTS WOULD BE PRELIMINARY AND TENTATIVE IN NATURE. ABRAMOWSKI ASSURED THE BELGIAN REPRESENTATIVE THAT THE COMMITTEE WOULD CONSIDER FURTHER THE QUESTIONS THAT HAD BEEN RAISED, BUT STRESSED THAT CIME WAS NOT A QUASI-JUDICIAL COURT AND COULD NOT PASS JUDGMENT ON THE CONDUCT OF PARTICULAR ENTERPRISES. HE NOTED ALSO THAT WE ARE AT THE BEGINNING OF THE EXPERIENCE WITH THE GUIDELINES AND THE PASSAGE OF TIME WAS REQUIRED FOR FURTHER ACCUMULATION. HE DISTINGUISHED TWO MAIN ISSUES: (A) WHETHER PARAGRAPH 6 OF THE EMPLOYMENT AND INDUSTRIAL RELATIONS SECTION APPLIES TO THE ENTERPRISE AS A WHOLE; (B) TO WHAT EXTENT THE PARENT COMPANY HAS A MORAL DUTY TO ASSIST THE LOCAL ENTITY IN MEETING THE OBLIGATION OF PARAGRAPH 6.

7. U.S. DEL (SMITH) STRESSED THAT ANY DISCUSSION OF SPECIFIC DETAILS OF THE CASE BEFORE CIME WOULD BE INAPPROPRIATE AND UNHELPFUL, AND THAT THE GOB PRESENTATION OF VIEWS WAS AN AIRING OF CHARGES AGAINST AN INDIVIDUAL COMPANY WHICH COULD TURN THE CONSULTATIONS INTO A COMPLAINT PROCEDURE CONTRARY TO THE INTENT OF THE DRAFTERS OF THE GUIDELINES. HE REMINDED CIME THAT CONSULTATIONS AMONG THE PARTIES IN INTEREST, AND JUDICIAL PROCEEDINGS COULD BE AFFECTED BY CIME DISCUSSION OF SPECIFICS OF THE CASE. FURTHER, THE USG WOULD NOT ENGAGE IN INTERPRETATIONS (AS IN A COURT OF LAW) OF THE GUIDELINES, BUT RATHER ONLY IN A DISCUSSION OF THE GENERAL INTENT OF THE DRAFTERS WITH RESPECT TO THE RELEVANT SECTIONS OF THE GUIDELINES. IN THIS RESPECT, THE GUIDELINES CAN NOT OVERRIDE LOCAL LAW AND PRACTICE. THE DRAFTERS DID NOT HAVE IN MIND THE GENERAL PROPOSITION THAT PARENT COMPANIES WERE RESPONSIBLE FOR THE FINANCIAL OBLIGATIONS OF THEIR SUBSIDIARIES IN THE EVENT OF CLOSURE. THE U.S. DEL NOTED THE DIFFICULTY IN SEPARATING QUESTIONS OF LEGALITY AND OF MORALITY IN THIS ISSUE. (TEXT OF U.S. CONFIDENTIAL

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DEL'S STATEMENT SENT SEPTTEL.)

8. THE FRENCH DEL EMPHASIZED THAT THIS SITUATION MUST BE EXAMINED FROM AN ABSTRACT POINT OF VIEW, ESPECIALLY THE QUESTION OF WHETHER THE HOME OFFICES OF MNE'S EXTEND A "QUASI GUARANTEE" FOR ALL OF THEIR FOREIGN ENTITIES' OBLIGATIONS, SINCE IT SEEMED DIFFICULT TO SINGLE OUT SEVERANCE PAY OBLIGATIONS FROM OBLIGATIONS TO OTHER CREDITORS.

9. UK DEL (MUELLER) WITH THE SUPPORT OF SEVERAL OTHER DELEGATIONS RAISED THE FOLLOWING PROPOSITION: TO THE EXTENT THAT THE RESPONSIBILITY FOR CLOSURE OF AN ENTITY UNDER PARAGRAPH 6 OF THE EMPLOYMENT SECTION RESTS WITH AN ENTITY IN ANOTHER MEMBER COUNTRY, THE GUIDELINES ARE ADDRESSED TO THAT ENTITY. THE SCOPE OF RESPONSIBILITY WITHIN THE FRAMEWORK OF HOST REGULATIONS AND PREVAILING LABOR REGULATIONS AND EMPLOYMENT PRACTICES IN EACH OF THE COUNTRIES IN WHICH THEY OPERATE AS DESCRIBED IN PARAGRAPH 6, IS THAT ENTERPRISES "SHOULD PROVIDE REASONABLE NOTICE" AND "MITIGATE TO MAXIMUM EXTENT PRACTICABLE ADVERSE EFFECTS." FRG DEL NOTED THAT THE LEGAL SITUATIONS IN BOTH HOST AND HOME COUNTRIES HAVE TO BE TAKEN INTO ACCOUNT IN CONSIDERING THE IMPLICATIONS OF THE GUIDELINES -- IF A PARENT COMPANY WAS NOT LEGALLY OBLIGED TO PAY THE DEBTS OF A SUBSIDIARY, SUCH PAYMENT

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MIGHT BE IN VIOLATION OF ITS DUTIES TO SHAREHOLDERS AND
DUTIES UNDER ITS OWN COUNTRY'S LAWS.

10. SWEDISH DEL (NIKLASSON) HELD THAT THE CREDIBILITY
OF THE GUIDELINES IS PARAMOUNT AND THAT CIME'S TREATMENT

OF THIS SITUATION SHOULD NOT REDUCE THAT CREDIBILITY. CIME SHOULD HAVE BEFORE IT ENOUGH FACTS TO ISOLATE THE PRINCIPAL ISSUES, ALTHOUGH SWEDISH DEL RESERVED HIS POSITION ON INVITING THIS PARTICULAR ENTERPRISE TO EXPRESS ITS VIEWS. FURTHER, WHILE HE AGREED THAT THE GUIDELINES CAN NOT OVERRIDE NATIONAL LEGISLATION, THEY WERE INTENDED TO SUPPLEMENT NATIONAL LEGISLATION SINCE SEVERAL JURISDICTIONS WERE USUALLY INVOLVED.

11. EYSKENS SAID THAT HE UNDERSTOOD THAT THE SENSE OF THE MEETING WAS THAT A PARENT COMPANY COULD HAVE SOME MORAL RESPONSIBILITY IN SITUATIONS SUCH AS THOSE ENVISAGED BY PARAGRAPH 6 AND THAT THE COMMITTEE WOULD CON-

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TINUE TO REFLECT UPON THE APPLICATION OF THE GUIDELINES IN LIGHT OF THE CASE SUBMITTED BY THE BELGIAN AUTHORITIES. CHAIRMAN ABRAMOWSKI CAREFULLY AVOIDED ENDORSING THIS POSITION, AND SUMMARIZED BY SAYING THAT FURTHER CONSIDERATION WAS NEEDED OF THE ISSUES WHICH HAD BEEN RAISED REGARDING THE MEANING OF THE GUIDELINES. CAUTION WAS NEEDED IN HANDLING ANY ISSUE WHICH MIGHT SET A PRECEDENT. ON THE OTHER HAND, IT WAS IMPORTANT TO INSURE THAT THE GUIDELINES WERE MEANINGFUL.

12. AT A LATER STAGE, DISCUSSION WAS RESUMED ON THE SPECIFIC PROPOSAL OF GOB TO INVITE THE ENTERPRISE CONCERNED TO EXPRESS ITS VIEWS TO THE CIME. THE U.S. SUPPORTED BY SOME OTHER DELEGATIONS OBJECTED STRONGLY; CERTAIN OTHER DELEGATIONS, INCLUDING THE NORDICS AND UK, WANTED TO LEAVE MATTER OPEN, CONSIDERING IT A MATTER OF PRINCIPLE NOT TO FORECLOSE POSSIBILITY OF INVITING COMPANY. IN THE ABSENCE OF A CONSENSUS, IT WAS DECIDED TO REVERT TO THIS QUESTION AT THE NEXT MEETING OF CIME.

13. DURING SECOND DAY OF CIME, AGREEMENT WAS REACHED BY DELEGATIONS ON A SUMMARY OF THE DISCUSSION IN CIME ON THE BELGIAN REQUEST. THIS SUMMARY WILL BE PART OF SUMMARY RECORD WHICH WILL HAVE THE SAME INFORMAL STATUS AS ALL OTHER SUMMARY RECORDS OF CIME. (SUMMARY TRANSMITTED SEPTEL.)

14. EXCHANGE OF VIEWS ON BIAC/TUAC CONSULTATIONS: CIME BEGAN MARCH 31 SESSION WITH DISCUSSION OF PREVIOUS DAY'S CONSULTATIONS WITH BIAC AND TUAC AND CONTINUED ON MORNING OF APRIL 1. ON TUAC, SECRETARIAT OPENED DISCUSSION BY FOCUSING ON POINTS RAISED IN REFDOC A AND DURING CONSULTATIONS. CHAIRMAN POSED THREE MAJOR ISSUES CONCERNING: (A) PROCEDURAL ASPECTS OF CONSULTATIONS; (B) ALLEGED LOOPHOLE IN PARA 6 OF EMPLOYMENT SECTION OF GUIDELINES;

AND (C) CIME ACTION RE TUAC PROPOSALS CONTAINED IN THEIR
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LETTER OF 3/4/75.

15. ALTHOUGH THERE WAS GENERAL SYMPATHY FOR TUAC PLEA THAT EXCEPTION SHOULD BE MADE THIS YEAR TO UNDERSTANDING THAT TUAC/CIME DISCUSSIONS WILL BE ANNUAL, NO FINAL DECISION TAKEN AS TO WHETHER SECOND SESSION WILL BE SCHEDULED FOR FALL 1977. ON LOOPHOLE ISSUE, U.S. AND OTHER DELS SUPPORTED CHAIRMAN'S SUGGESTION THAT CIME SHOULD NOT RESPOND NOW TO PROPOSED AMENDMENT TO PARA 6 BUT RATHER SHOULD TAKE UP QUESTION IN CONNECTION WITH 1979 REVIEW OF GUIDELINES. U.S. DEL POINTED OUT CIME WILL BENEFIT FROM ILO DISCUSSIONS OF THIS SAME ISSUE. COMMITTEE ACCEPTED CHAIRMAN'S SUGGESTION THAT TUAC DOCUMENTS NOT BE PUT ON AGENDA FOR FUTURE CIME MEETINGS IN VIEW OF FACT THAT MANY OF POINTS THEY CONTAIN WILL BE DISCUSSED IN NORMAL COURSE OF CIME'S WORK.

16. GENERAL REVIEW OF CONSULTATIONS REVEALED WIDE-SPREAD FEELING THAT IN FUTURE SESSIONS TUAC SHOULD GIVE LESS EMPHASIS TO CASES AND MORE TO ISSUES THEY ARE INTENDED TO ILLUSTRATE, AND SECRETARIAT ASKED TO CONVEY MESSAGE TO TUAC OFFICIALS. NORDIC AND UK DELS STRESSED, HOWEVER, THAT NO RESTRICTIONS SHOULD BE PLACED ON TUAC'S RIGHT TO RAISE CASES.

17. MOST OF EXCHANGES ON BIAC SESSION CONCERNED WITH

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SUGGESTION FROM BIAC OFFICIAL THAT GOVERNMENTS AGREE TO STANDSTILL IN PROMULGATION OF NEW CORPORATE REPORTING AND DISCLOSURE REQUIREMENTS (SEPTTEL). UK DEL SAID COULD NOT ACCEPT THIS PROPOSAL SINCE HER GOVERNMENT IS IN PROCESS OF REVISING ITS STANDARDS. GENERAL AGREEMENT REACHED THAT SECRETARIAT SHOULD PREPARE PAPER SURVEYING WORK IN THIS AREA IN OTHER OECD GROUPS AND INTERNATIONAL ORGANIZATIONS. ON ONLY OTHER SIGNIFICANT POINT, CHAIRMAN WELCOMED BIAC OFFER TO HELP COMPILE MATERIAL ON CORPORATE ADHERENCE TO INFORMATION DISCLOSURE SECTION OF GUIDELINES.

18. UN TNC CODE ISSUES: IN ACCORDANCE WITH LEAD-COUNTRY APPROACH AGREED ON DURING FEBRUARY MEETING, PAPERS ON FOLLOWING KEY AREAS OF UN CODE WERE DISCUSSED: (A) PRINCIPLE OF PERMANENT SOVEREIGNTY AND THE ROLE OF INTERNATIONAL LAW IN UN CODE (U.S.); (B) INFORMATION DISCLOSURE (UK); AND (C) INVESTMENT CLIMATE (FRG). PRELIMINARY CONFIDENTIAL

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ORAL REPORT WAS GIVEN BY FRANCE ON NON-INVOLVEMENT OF TNC'S IN INTERNAL POLITICAL AFFAIRS OF HOST COUNTRIES. IN VIEW OF WELL-ESTABLISHED AND GENERALLY SIMILAR VIEWS OF DELEGATIONS, DISCUSSION WAS GENERALLY SPARSE AND PREDICTABLE. COPIES OF THREE PAPERS HANDCARRIED TO WASHINGTON BY CLAPP (TREASURY) AND NEUMANN (COMMERCE).

19. SOVEREIGNTY AND INTERNATIONAL LAW: DISCUSSION REVEALED GENERAL APPRECIATION OF VERY COMPLEX NATURE OF SUBJECT MATTER AND ACKNOWLEDGEMENT THAT NO BREAKTHROUGH CURRENTLY IN SIGHT GIVEN THE HIGHLY DIVERGENT VIEWS OF DEVELOPED AND DEVELOPING COUNTRIES ON THAT ISSUE. THERE WAS GENERAL AGREEMENT ON NEED TO INCLUDE REFERENCE TO INTERNATIONAL LAW IN ANY TREATMENT OF SOVEREIGNTY ISSUE. SOME COMPROMISE LANGUAGE TO COVER POSITIONS OF BOTH SIDES WAS FELT DESIRABLE (U.S., FRG, UK) BUT DIFFICULT TO OBTAIN. MANY SPEAKERS EMPHASIZED THAT PROPOSED CODE SHOULD ADDRESS ITSELF TO BOTH TNC'S AND GOVERNMENTS.

REGARDING DISPUTE SETTLEMENT, SEVERAL DELEGATES FELT THAT PROGRESS ON THIS ISSUE WOULD BE HELPFUL, BUT NOTED THAT PARTICULAR RESISTANCE EXPECTED FROM LATIN AMERICAN COUNTRIES BECAUSE OF CALVO DOCTRINE AND ITS IMPLICATIONS REGARDING INTERNATIONAL ARBITRATION.

20. INFORMATION DISCLOSURE: UK PAPER ON INFORMATION DISCLOSURE WAS WELL-RECEIVED. CONCERN WAS EXPRESSED BY UK AND GERMANY, WITH SUPPORT FROM OTHERS, ABOUT U.N. TRANSNATIONAL CENTER'S DIRECT REQUESTS TO TNC'S FOR EXTENSIVE COMPANY DATA AND PREFERENCE WAS STATED THAT SIMILAR FUTURE INQUIRIES BE CHANNELLED THROUGH GOVERNMENTS. SEVERAL DELEGATES (U.S., FRANCE, SWITZERLAND) EXPRESSED VIEW THAT CAUTION SHOULD BE EXERCISED TO AVOID AMASSING DATA WHOSE PURPOSE IS NOT CLEARLY KNOWN. THEY EMPHASIZED RAPID PROLIFERATION OF REQUESTS ADDRESSED TO FIRMS FOR DETAILED, OFTEN CONFIDENTIAL, DATA FROM DIFFERENT SOURCES, AND URGED PRIORITY ATTENTION TO EFFORTS TO CONFIDENTIAL

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HARMONIZE ACCOUNTING STANDARDS. UK DELEGATE VOICED CONCERN ABOUT GROUP OF ACCOUNTING EXPERTS WHICH HAS BEEN ESTABLISHED BY U.N. CENTER WITHOUT CONSULTATION WITH MEMBER GOVERNMENTS AND WAS CRITICAL OF THE GROUP'S PRELIMINARY REPORT.

21. INVESTMENT CLIMATE: REACTION TO FRG PAPER WAS MIXED. PAPER STRESSED NEED FOR INSERTION IN UN CODE OF SECTION ON INVESTMENT CLIMATE AND OBSERVANCE OF INTERNATIONAL LAW IN EXPROPRIATION CASES TO BALANCE NATIONAL SOVEREIGNTY ISSUE. U.S. DEL INDICATED SUPPORT FOR POSITIONS OUTLINED IN PAPER, AND THERE WAS GENERAL AGREEMENT ON NEED FOR HOST GOVERNMENT EFFORTS TO ESTABLISH FAVORABLE INVESTMENT CONDITIONS AS PREREQUISITE FOR MEETING LDC DEVELOPMENT GOALS. SEVERAL DELEGATIONS (SWEDEN, UK, FRANCE) EXPRESSED SOME RESERVATION ON STIFF AND UNCOMPROMISING TONE OF DOCUMENT, CITING NEED TO DISTINGUISH BETWEEN "ISSUES" AND "PRINCIPLES" IN THIS CONTEXT. FRG DEL NOTED PRELIMINARY NATURE OF DOCUMENT AND DESCRIBED IT AS MAXIMUM POSITION WHICH COULD BE PUT FORWARD AS NEGOTIATING DOCUMENT IN U.N. NETHERLANDS RESERVED COMMENTS ON PAPER IN VIEW OF THE "HIGHLY POLITICAL" ISSUES INVOLVED PENDING CONSULTATION IN CAPITAL.

22. NON-INTERFERENCE IN INTERNAL POLITICAL AFFAIRS:

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FRENCH DELEGATE GAVE ORAL PRESENTATION, INDICATING GOF
HAD NOT SUFFICIENTLY CLARIFIED ITS THINKING TO PERMIT
PREPARATION OF CHECKLIST OF RELEVANT ITEMS TO BE COVERED
BY UN CODE. FOR INSTANCE, DESPITE WIDESPREAD AGREEMENT
ON THE NEED FOR NON-INTERFERENCE BY TNC'S IN HOST COUNTRY
POLITICAL AFFAIRS, MANY QUESTIONS REGARDING WHAT IS, OR
IS NOT, CONSIDERED ILLEGITIMATE BEHAVIOR IN VARIOUS
COUNTRIES ARE UNRESOLVED (E.G., CONTRIBUTIONS TO POLITI-
CAL PARTIES). SUBSEQUENT BRIEF DISCUSSION SHOWED SOME
CONCERN ABOUT DIFFICULTY OF DEVELOPING ADEQUATE DEFINI-
TIONS OF LEGITIMATE VERSUS ILLEGITIMATE CONTACTS BETWEEN
TNC'S AND GOVERNMENTS. FRENCH DELEGATION WAS ASKED TO
SUBMIT PAPER, TAKING INTO ACCOUNT VIEWS EXPRESSED BY
CIME MEMBERS, PRIOR TO NEXT MEETING.

23. NATIONAL TREATMENT: BRIEF DISCUSSION OF CIME
ACTION ON NATIONAL TREATMENT AGREEMENT CENTERED ON ADE-
QUACY OF NOTIFICATION OF EXCEPTIONS SUBMITTED BY MEMBERS
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THUS FAR. SECRETARIAT OPENED BY REPEATING POINT MADE
IN REFDOC THAT FEW CONFORM TO STANDARD FORMAT AND THAT

CONSEQUENTLY ONLY TENTATIVE CONCLUSIONS COULD BE DRAWN FROM ANALYSIS NOW. U.S. DEL ALSO EXPRESSED CONCERN ON GAPS IN COVERAGE AND URGED SECRETARIAT TO INITIATE BILATERAL CONTACTS WITH NATIONAL DELEGATIONS IN ORDER TO CORRECT DEFICIENCIES. SUGGESTION RECEIVED GENERAL SUPPORT, WITH SEVERAL DELS NOTING THEIR GOVERNMENTS WERE STILL EXAMINING THEIR LAWS WITH VIEW TO UNCOVERING ANY ADDITIONAL, UNREPORTED EXCEPTIONS.

24. IN RESPONSE TO QUESTION RAISED IN PARA 8, REFDOC C, MEMBERS AGREED THAT MEASURES FALLING IN NATIONAL SECURITY CATEGORY SHOULD BE REPORTED BUT WOULD NOT BE SUBJECT TO EFFORTS TO MINIMIZE EXCEPTIONS.

25. THERE WAS FITFUL DISCUSSION OF QUESTION OF PROCEDURES TO FOLLOW IN FUTURE RE REVIEW OF EXCEPTIONS. CONCLUSION FINALLY SUGGESTED BY CHAIRMAN AND ACCEPTED BY COMMITTEE WAS THAT SECRETARIAT PREPARE OPTIONS PAPER FOR CONSIDERATION AT NEXT MEETING.

26. OTHER BUSINESS: RESPONDING TO A SWISS INQUIRY REGARDING FUTURE PROGRAM OF WORKING PARTY, SECRETARIAT (VOGELAAR) REPORTED THAT WP HAD AGREED AT FEBRUARY MEETING TO SEEK FROM INDUSTRY COMMITTEE ONE-YEAR EXTENSION OF ITS MANDATE WITH A VIEW TO COMPLETING ONGOING STUDY OF MNE PENETRATION AND CONCENTRATION IN MEMBER COUNTRIES AND TO ASSISTING BOTH CIME AND INDUSTRY COMMITTEES IN THEIR WORK ON MNE'S. WP WOULD NO LONGER COLLECT INFORMATION ON ATTITUDES AND POLICIES OF HOST GOVERNMENTS TOWARD MNE'S SINCE THIS TASK WOULD NOW BE HANDLED BY CIME. SECRETARIAT REPORTED INDUSTRY COMMITTEE APPROVED IN MID-MARCH MEETING ONE-YEAR EXTENSION OF WP MANDATE I AND RECOMMENDED THAT COUNCIL BE INFORMED ACCORDINGLY. CIME SECRETARIAT ADVISED INDUSTRY COMMITTEE BY LETTER
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THAT CIME WOULD TAKE OVER FORMER WP RESPONSIBILITIES FOR FOLLOWING AND DISCUSSING POLICY DEVELOPMENTS AND CHANGES IN INVESTMENT AREA. SECRETARIAT STATED THAT CIME, AT THIS TIME, DOES NOT ANTICIPATE ANY PROJECT FOR WHICH IT MAY WANT TO ENLIST WP'S ASSISTANCE. HOWEVER, WP MAY BE CALLED UPON IN FUTURE TO PROVIDE STATISTICAL AND ANALYTICAL UNDERPINNING FOR CIME WORK ON MNE ACTIVITIES. WP PROGRAM WILL BE REVIEWED EARLY NEXT YEAR TO SEE WHETHER FURTHER EXTENSION OF MANDATE IS WARRANTED.

27. NOTE BY SECRETARIAT (CIME(77)6) ON FUTURE WORK PROGRAM NOT YET READY SO DISCUSSION DEFERRED UNTIL FUTURE MEETING. CIME NOTED REPORT ON RBP'S, (RBP(77)1) REFERRED BY EXPERTS AND AGREED TO RETURN TO IT AT LATER DATE SINCE

SOME SUGGESTIONS FOR ACTION CONTAINED IN IT RELATE TO
FUTURE CIME WORK PROGRAM.

28. NEXT MEETING OF CIME SCHEDULED FOR JULY 7-8, 1977.
TURNER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEE MEETINGS, FOREIGN INVESTMENTS, MULTINATIONAL CORPORATIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OECDP09746
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770114-0919
Format: TEL
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770496/aaaadfhy.tel
Line Count: 607
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c8878bab-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 12
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2920526
Secure: OPEN
Status: NATIVE
Subject: COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES (CIME): MEETING MARCH 31 - APRIL 1.
TAGS: EINV, OECD, CIME
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c8878bab-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009